GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:694
ANSWERED ON:01.03.2013
RECOVERY OF LOAN AMOUNT FROM STATES
Sugavanam Shri E.G.

Will the Minister of FINANCE be pleased to state:

(a) whether many States owe loans to public sector banks;

(b) if so, the details thereof, State/UT and bank-wise and the reasons therefor;

(c) the duration for which these loans are outstanding, State/UT and bank-wise; and

(d) the steps taken / being taken by the Government for recovery of these outstanding loans?

Answer

The Minister of State in the Ministry of Finance (Shri Namo Narain Meena)

(a)to (d) :Banks do not lend directly to State Governments. However, they invest in State Government securities and State Government guaranteed bonds issued by the State Government entities, and lend to the public undertakings / corporate bodies / autonomous entities, with or without the guarantee of State Governments. Banks take steps for recovery of their dues from the defaulting entities of the State Governments in accordance with their recovery policies and RBI guidelines which provide for restructuring of loans, One Time Settlement of dues, filing of cases in Courts / Debt Recovery Tribunals, etc.